

House Amendment 1651

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1 1 Amend Senate File 304, as passed by the Senate, as
1 2 follows:
1 3 #1. By striking everything after the enacting
1 4 clause and inserting the following:
1 5 <Section 1. Section 15.104, subsection 9,
1 6 paragraph k, Code 2009, is amended to read as follows:
1 7 k. ~~PILOT PROJECT PARTICIPATING CITIES ==~~
1 8 ~~WITHHOLDING AGREEMENT, TAX CREDITS. Data on the pilot~~
~~1 9 project cities participating in the program~~
1 10 established pursuant to section 403.19A, including all
1 11 of the following:
1 12 (1) The amount each project received from each
1 13 state economic development and tax credit program.
1 14 (2) The number of new jobs created as a result of
1 15 the ~~pilot~~ program.
1 16 (3) The average wage of the jobs created as a
1 17 result of the ~~pilot~~ project.
1 18 (4) An evaluation of the investment made by the
1 19 state of Iowa in the ~~pilot project cities~~ program,
1 20 including but not limited to the items described in
1 21 subparagraphs (1) through (3).
1 22 Sec. 2. Section 403.19A, Code 2009, is amended to
1 23 read as follows:
1 24 403.19A WITHHOLDING AGREEMENT == TAX CREDIT.
1 25 1. For purposes of this section, unless the
1 26 context otherwise requires:
1 27 a. "Business" means any professional services, or
1 28 industrial enterprise, including medical treatment
1 29 facilities, manufacturing facilities, corporate
1 30 headquarters, and research facilities. "Business"
1 31 does not include a retail operation or a business
1 32 which closes or substantially reduces its operation in
1 33 one area of this state and relocates substantially the
1 34 same operation to another area of this state.
1 35 b. "Employee" means the individual employed in a
1 36 targeted job that is subject to a withholding
1 37 agreement.
1 38 c. "Employer" means a business creating targeted
1 39 jobs in an urban renewal area of a ~~pilot project~~
1 40 ~~participating~~ city pursuant to a withholding
1 41 agreement.
1 42 d. ~~"Pilot project"~~ "Participating city" means a
1 43 city that has applied and been approved as a ~~pilot~~
~~1 44 project city~~ pursuant to subsection 2.
1 45 e. "Qualifying investment" means a capital
1 46 investment in real property including the purchase
1 47 price of land and existing buildings, site
1 48 preparation, building construction, and long-term
1 49 lease costs. "Qualifying investment" also means a
1 50 capital investment in depreciable assets.
2 1 f. "Targeted job" means a job in a business which
2 2 is or will be located in an urban renewal area of a
2 3 ~~pilot project participating~~ city that pays a wage at
2 4 least equal to the countywide average wage. "Targeted
2 5 job" includes new jobs from Iowa business expansions
2 6 or retentions within the city limits of the ~~pilot~~
~~2 7 project participating~~ city and those jobs resulting
2 8 from established out-of-state businesses, as defined
2 9 by the department of economic development, moving to
2 10 or expanding in Iowa.
2 11 g. "Withholding agreement" means the agreement
2 12 between a ~~pilot project participating~~ city and an
2 13 employer concerning the targeted jobs withholding
2 14 credit authorized in subsection 3.
2 15 2. ~~a.~~ An eligible city may apply to the
2 16 department of economic development to be designated as
2 17 a ~~pilot project participating~~ city. An eligible city
2 18 is a city that contains three or more census tracts,
2 19 ~~and is located in a county meeting one of the~~
~~2 20 following requirements:~~
2 21 (1) ~~A county that borders Nebraska.~~
2 22 (2) ~~A county that borders South Dakota.~~
2 23 (3) ~~A county that borders a state other than~~
~~2 24 Nebraska or South Dakota.~~

2 25 b. (1) The department of economic development
2 26 shall approve four eligible cities as pilot project
2 27 cities, one pursuant to paragraph "a", subparagraph
2 28 (1), one pursuant to paragraph "a", subparagraph (2),
2 29 and two pursuant to paragraph "a", subparagraph (3).
2 30 If two eligible cities are approved which are located
2 31 in the same county and the county has a population of
2 32 less than forty-five thousand, the two approved
2 33 eligible cities shall be considered one pilot project
2 34 city. If more than two cities meeting the
2 35 requirements of paragraph "a", subparagraph (3), apply
2 36 to be designated as a pilot project city, the
2 37 department of economic development shall determine
2 38 which two cities hold the most potential to create new
2 39 jobs or generate the greatest capital within their
2 40 areas. Applications from eligible cities filed on or
2 41 after October 1, 2006, shall not be considered.
2 42 (2) If a pilot project city does not enter into a
2 43 withholding agreement within one year of its approval
2 44 as a pilot project city, the city shall lose its
2 45 status as a pilot project city. If two pilot project
2 46 cities are located in the same county, the loss of
2 47 status by one pilot project city shall not cause the
2 48 second pilot project city in the county to lose its
2 49 status as a pilot project city. Upon such occurrence,
2 50 the department of economic development shall take
3 1 applications from other eligible cities to replace
3 2 that city. Another city shall be designated within
3 3 six months.

3 4 3. a. A pilot project participating city may
3 5 provide by ordinance for the deposit into a designated
3 6 account in the special fund described in section
3 7 403.19, subsection 2, of the targeted jobs withholding
3 8 credit described in this section. The targeted jobs
3 9 withholding credit shall be based upon the wages paid
3 10 to employees pursuant to a withholding agreement.

3 11 b. An amount equal to three percent of the gross
3 12 wages paid by an employer to each employee under a
3 13 withholding agreement shall be credited from the
3 14 payment made by the employer pursuant to section
3 15 422.16. If the amount of the withholding by the
3 16 employer is less than three percent of the gross wages
3 17 paid to the employees covered by the withholding
3 18 agreement, the employer shall receive a credit against
3 19 other withholding taxes due by the employer or may
3 20 carry the credit forward for up to ten years or until
3 21 depleted, whichever is the earlier. The employer
3 22 shall remit the amount of the credit quarterly, in the
3 23 same manner as withholding payments are reported to
3 24 the department of revenue, to the pilot project
3 25 participating city to be allocated to and when
3 26 collected paid into a designated account in the
3 27 special fund for the urban renewal area in which the
3 28 targeted jobs are located. All amounts so deposited
3 29 shall be used or pledged by the pilot project
3 30 participating city for an urban renewal project
3 31 related to the employer pursuant to the withholding
3 32 agreement.

3 33 c. (1) The pilot project participating city shall
3 34 enter into a withholding agreement with each employer
3 35 concerning the targeted jobs withholding credit.
3 36 However, an agreement shall not be entered into by a
3 37 pilot project participating city with a business
3 38 currently located in this state unless the business
3 39 either creates ten new jobs or makes a qualifying
3 40 investment of at least five hundred thousand dollars
3 41 within the urban renewal area. The withholding
3 42 agreement may have a term of up to ten years. An
3 43 employer shall not be obligated to enter into a
3 44 withholding agreement.

3 45 (2) The pilot project participating city shall not
3 46 enter into a withholding agreement after June 30,
3 47 2010.

3 48 d. A withholding agreement shall be disclosed to
3 49 the public and shall contain but is not limited to all
3 50 of the following:

4 1 (1) A copy of the adopted development agreement
4 2 plan of the employer.

4 3 (2) A list of any other amounts of incentives or
4 4 assistance the employer may be receiving from other
4 5 economic development programs, including grants,

4 6 loans, forgivable loans, and tax credits.
4 7 (3) The approval of local participating
4 8 authorities.
4 9 (4) The amount of local incentives or assistance
4 10 received for each project of the employer.
4 11 e. (1) The employer shall certify to the
4 12 department of revenue that the targeted jobs
4 13 withholding credit is in accordance with the
4 14 withholding agreement and shall provide other
4 15 information the department may require. Notice of any
4 16 withholding agreement shall be provided promptly to
4 17 the department of revenue following execution of the
4 18 agreement by the ~~pilot project participating~~ city and
4 19 the employer.
4 20 (2) Following termination of the withholding
4 21 agreement, the employer credits shall cease and any
4 22 money received by the ~~pilot project participating~~ city
4 23 after termination shall be remitted to the treasurer
4 24 of state to be deposited into the general fund of the
4 25 state. Notice shall be provided promptly to the
4 26 department of revenue following termination.
4 27 f. If the employer ceases to meet the requirements
4 28 of the withholding agreement, the agreement shall be
4 29 terminated and any withholding tax credits for the
4 30 benefit of the employer shall cease. However, in
4 31 regard to the number of new jobs that are to be
4 32 created, if the employer has met the number of new
4 33 jobs to be created pursuant to the withholding
4 34 agreement and subsequently the number of new jobs
4 35 falls below the required level, the employer shall not
4 36 be considered as not meeting the new job requirement
4 37 until eighteen months after the date of the decrease
4 38 in the number of new jobs created.
4 39 g. A ~~pilot project participating~~ city shall
4 40 certify to the department of revenue the amount of the
4 41 targeted jobs withholding credit an employer has
4 42 remitted to the city and shall provide other
4 43 information the department may require.
4 44 h. An employee whose wages are subject to a
4 45 withholding agreement shall receive full credit for
4 46 the amount withheld as provided in section 422.16.
4 47 i. An employer may participate in a new jobs
4 48 credit from withholding under section 260E.5, or a
4 49 supplemental new jobs credit from withholding under
4 50 section 15E.197 or under section 15.331, Code 2005, at
5 1 the same time as the employer is participating in the
5 2 withholding credit under this section.
5 3 Notwithstanding any other provision in this section,
5 4 the new jobs credit from withholding under section
5 5 260E.5, and the supplemental new jobs credit from
5 6 withholding under section 15E.197 or under section
5 7 15.331, Code 2005, shall be collected and disbursed
5 8 prior to the withholding credit under this section.
5 9 ~~j. A pilot project city that enters into a~~
5 10 ~~withholding agreement shall arrange for a match of at~~
5 11 ~~least one dollar for each withholding credit dollar~~
5 12 ~~received by the city. The local match may come from~~
5 13 ~~the pilot project city, a private donor, or the~~
5 14 ~~business, or a combination of all three. The local~~
5 15 ~~match may be in cash or in kind to be used for the~~
5 16 ~~business project.~~
5 17 j. (1) A participating city entering into a
5 18 withholding agreement shall arrange for matching local
5 19 financial support for the project. The local match
5 20 required under this paragraph "j" shall be in an
5 21 amount equal to one dollar for every dollar of
5 22 withholding credit received by the participating city.
5 23 (2) For purposes of this paragraph "j", "local
5 24 financial support" means cash or in-kind contributions
5 25 to the project from a private donor, a business, or
5 26 the participating city.
5 27 (3) If the project, when completed, will increase
5 28 the amount of property tax revenues collected by the
5 29 participating city by an amount equal to at least ten
5 30 percent of the amount of withholding credit dollars
5 31 received by the participating city, then the
5 32 participating city shall itself contribute at least
5 33 ten percent of the local match amount computed under
5 34 subparagraph (1).
5 35 (4) If the project, when completed, will not
5 36 increase the amount of property tax revenues collected

5 37 by an amount at least equal to ten percent of the
5 38 amount of withholding credit dollars received by the
5 39 participating city, then the participating city shall
5 40 not be required to make a contribution to the local
5 41 match.
5 42 (5) A participating city's contribution, if any,
5 43 to the local match may include the dollar value of any
5 44 tax abatement provided by the city to the business for
5 45 new construction.
5 46 k. At the time of submitting its budget to the
5 47 department of management, the ~~pilot project~~
5 48 ~~participating~~ city shall submit to the department of
5 49 management and the department of economic development
5 50 a description of the activities involving the use of
6 1 withholding agreements. The description shall include
6 2 but is not limited to the following:
6 3 (1) The total number of targeted jobs and a
6 4 breakdown as to those that are Iowa business
6 5 expansions or retentions within the city limits of the
6 6 ~~pilot project~~ ~~participating~~ city and those that are
6 7 jobs resulting from established out-of-state
6 8 businesses moving to or expanding in Iowa.
6 9 (2) The number of withholding agreements and the
6 10 amount of withholding credits involved.
6 11 (3) The types of businesses that entered into
6 12 agreements, and the types of businesses that declined
6 13 the city's proposal to enter into an agreement.
6 14 1. The department of economic development in
6 15 consultation with the department of revenue shall
6 16 coordinate the ~~pilot project~~ program with the ~~pilot~~
6 17 ~~project~~ ~~participating~~ cities under this section. The
6 18 department of economic development ~~is authorized to~~
6 19 ~~shall~~ adopt, amend, and repeal rules to implement the
6 20 ~~pilot project~~ program under this section.
6 21 Sec. 3. EFFECTIVE AND APPLICABILITY DATES.
6 22 1. This Act, being deemed of immediate importance,
6 23 takes effect upon enactment.
6 24 2. This Act applies to withholding agreements
6 25 entered into on or after the effective date of the
6 26 Act.>
6 27 #2. Title page, line 3, by inserting after the
6 28 word <program> the following: <and including
6 29 effective date and applicability date provisions>.
6 30 #3. By renumbering as necessary.
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6 34 D. OLSON of Boone
6 35 SF 304.502 83
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